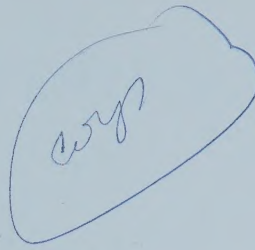


ANNUAL REPORT

AR44



1968

IMPERIAL GENERAL PROPERTIES LIMITED



IMPERIAL GENERAL PROPERTIES LIMITED

ANNUAL REPORT 1968



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DIRECTORS:

MORRY WINGOLD
Chairman of the Board,
Imperial General Properties
Limited

LOUIS WINGOLD
President and Treasurer,
Imperial General Properties
Limited

MATTHEW C. DEANS
Chairman of the Board,
Bankers Bond Corporation
Limited

BARRY N. SHAPIRO
President, Dominion Gasket
and Manufacturing Company
Limited

ROBERT M. MASTERS, Q.C.
Partner,
Brown, Masters & Brown

ARTHUR PAULIN
President, H. Paulin & Co.
Limited

SIMON B. SCOTT
Associate, Borden, Elliot,
Kelley & Palmer

OFFICERS:

MORRY WINGOLD
Chairman of the Board

LOUIS WINGOLD
President and Treasurer

BARRY N. SHAPIRO
Vice-president

ROBERT M. MASTERS, Q.C.
Secretary

EDITH C. YORK
Assistant-Treasurer

AUDITORS:

TOUCHE, ROSS, BAILEY
& SMART, Toronto

LEGAL COUNSEL:

Brown, Masters & Brown,
Toronto

***REGISTRAR AND
TRANSFER AGENT:***

MONTREAL TRUST COMPANY
Toronto, Montreal, Calgary
and Vancouver

BANKERS:

ROYAL BANK OF CANADA
Main Branch, Toronto

HEAD OFFICE:

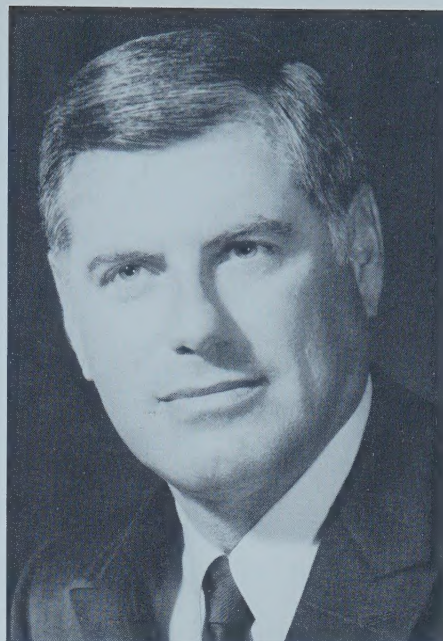
25 Wingold Avenue,
Toronto 19, Ontario, Canada



**IMPERIAL GENERAL
PROPERTIES LIMITED**



MORRY WINGOLD



LOUIS WINGOLD

**DIRECTORS'
REPORT
TO
SHAREHOLDERS**

This is the first annual report to shareholders since your Company became a public company and includes the audited financial statements for the eleven month fiscal period ended October 31, 1968.

FINANCIAL

The net profit from operations for the eleven month period ended October 31, 1968 amounted to \$550,788 or 44¢ per share.

During the period your Company engaged the Montreal Trust Company to make a complete appraisal of all properties owned. This appraisal was completed on September 30th, 1968. Some twenty predecessor companies owning these properties were then merged by statutory amalgamation to form Imperial General Properties Limited which thereby acquired all properties and interests in affiliated companies.

The balance sheet forming part of this report shows the Company's portfolio of income producing properties at \$10,762,000 and investment in affiliated companies owning income producing properties at \$338,511 based on the appraised values by Montreal Trust Company. Land held for development and income properties under construction are included in the balance sheet at cost. The appraised value of these properties exceeded cost by over



**IMPERIAL GENERAL
PROPERTIES LIMITED**



IMPERIAL GENERAL PROPERTIES LIMITED

\$2,260,000 which amount is not reflected in the Balance Sheet. Total assets as of October 31, 1968 amounted to \$15,230,661 and shareholders' equity to \$6,577,072.

Subsequent to October 31, 1968, your Company arranged an underwriting for the public sale of 350,000 common shares and 200,000 share purchase warrants for \$2,417,500 which was consummated in January, 1969 resulting in total assets increasing to \$17,648,161 and shareholders' equity to \$8,994,572. The receipt of this additional working capital has enabled your Company to plan an aggressive program of adding to its income producing properties and vacant land held for development or resale.

PROPERTY REPORT

Income Properties

Your Company has an excellent portfolio of income producing residential, commercial and industrial properties. These consist of twenty-three industrial buildings with a total floor space of over 900,000 square feet of which eighteen are located in Metropolitan Toronto, four in Brampton and one in Stoney Creek. In addition, the Company owns a 50% interest in two industrial buildings and a 40% interest in two more industrial buildings. All of these are fully occupied.

The Company also owns five apartment buildings and two commercial buildings in Brampton, all fully leased.

The gross rental income from these thirty-four properties aggregates \$1,032,000 per annum.

Income Properties under construction

An apartment building of 136 suites is now nearing completion in Brampton and 80 suites have already been rented.

Construction of a 102 suite apartment building in Burlington is nearing completion for summer occupancy. Construction of a second 101 suite apartment building on the same property will commence shortly.

A 40,000 square foot industrial building in Brampton is now under construction for occupancy this year and a 72,000 square foot multi-occupancy industrial and commercial building is nearing completion at Dufferin Street and Wingold Avenue, Toronto.

On completion and full occupancy of the foregoing, gross rental income should increase by over 50%.

Land held for Development or Resale

Your Company now owns approximately 230 acres of vacant land in Toronto, Brampton and Waterloo Township.

On 7½ acres located at Lawrence Avenue and Howden Road, construction will commence shortly on an industrial and commercial complex consisting of three buildings aggregating 160,000 square feet.

Last October, your Company sold five acres out of 32.7 acres of land owned at Birchmount and Sheppard Avenues in Scarborough. This transaction yielded a gross profit of more than \$600,000 leaving 27.7 acres on which approximately 850 residential units can be erected. The Company will either sell all or part of these lands to other builders, or erect and retain some of the apartment buildings.

The Company in December, 1968 purchased 67 acres of residential land in the Cooksville area, which will be subdivided into approximately 300 single and semi-lots. Approval has been obtained from the municipality for the registration and servicing of this property and the Company is presently negotiating the sale of these lots to other builders at a substantial profit.

The lands owned in Brampton and Waterloo Township are being held for future development.

Your Company is adequately insured against all normal risks such as fire, flood, accidents, personal and property

liabilities, loss of rental income and damage and carries \$250,000 life insurance each on the chairman and the president.

OUTLOOK

Your management is constantly searching for land in desirable locations and will strive to increase your Company's land holdings, consistent with tight cash flow control and availability of credit.

The additions to your Company's portfolio of income producing properties now under construction and under planning should materially increase gross and net rental income. The development of lands for resale should add substantially to profitability. The outlook is favourable and encouraging.

In conclusion, may we welcome you as a shareholder of Imperial General Properties Limited and express the conviction that we may all share in your Company's successful and profitable growth and development down through the years.

Your Directors wish to record their sincere appreciation to all employees and others associated with your Company for their loyalty and conscientious performance of their duties during the period under review.



IMPERIAL GENERAL PROPERTIES LIMITED

MORRY WINGOLD

Chairman and Chief Executive Officer

LOUIS WINGOLD

President and Treasurer

April 1st, 1969.



**IMPERIAL GENERAL
PROPERTIES LIMITED**

CONSOLIDATED BALANCE SHEET

Assets

Cash (Note 1)	\$ 2,607,637
Accounts receivable	42,164
Prepaid expenses and sundry assets	32,382
Mortgages receivable (Note 2)	1,712,934
Land for development at cost (Note 3)	1,007,941
Income properties under construction at cost (Note 3)	1,138,824
Income properties less accumulated depreciation of \$81,458 (Note 4)	10,680,542
Investment in affiliated companies (Note 5)	338,511
Automobiles and construction equipment at cost less accumulated depreciation of \$15,777	36,015
Organization and financing expenses (Note 1)	51,211

On behalf of the Board

MORRY WINGOLD, Director

LOUIS WINGOLD, Director

\$17,648,161

Auditors' Report

The Shareholders,
Imperial General Properties Limited.

We have examined the consolidated balance sheet of Imperial General Properties Limited and subsidiary as at October 31, 1968 and the consolidated statement of income and retained earnings for the eleven months then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.



**IMPERIAL GENERAL
PROPERTIES LIMITED**

Liabilities

Bank indebtedness (Note 6)	\$ 334,521
Accounts payable—construction	217,198
—other	124,387
Income taxes	15,938
Tenant's security and other deposits	43,008
Short term mortgages and secured loans (Note 7)	3,313,233
Mortgages on income properties (Note 8)	4,605,304
	<u>8,653,589</u>

Shareholders' Equity (Notes 1 and 9)

Capital stock	7,984,603
Retained earnings	1,007,469
Contributed surplus	2,500
	<u>8,994,572</u>
	<u>\$17,648,161</u>

In our opinion these consolidated financial statements, after giving effect to the transactions as set out in Note 1, present fairly the financial position of the companies as at October 31, 1968 and the results of their operations for the period then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the predecessor companies in the preceding year.

Toronto, Ontario,
February 7, 1969.

Touche, Ross, Bailey & Smart
Chartered Accountants.



**IMPERIAL GENERAL
PROPERTIES LIMITED**

**CONSOLIDATED STATEMENT OF
INCOME AND RETAINED EARNINGS**

for the Eleven Months Ended October 31, 1968

Income from rentals		\$ 822,912
Rental expenses		
Mortgage interest	\$315,441	
Property operating expenses	102,450	
Rental commissions and legal fees	863	
		<u>418,754</u>
Net rental income		404,158
Sale of property	844,250	
Cost of sale	210,523	
		<u>633,727</u>
Profit on sale of property		
Other income		
Construction profit	37,862	
Mortgage interest	60,949	
Sundry	11,803	
		<u>110,614</u>
		1,148,499
Expenses		
General and administrative	199,016	
Advertising and sales	23,126	
Management and office salaries	98,017	
	<u>320,159</u>	
Less overhead capitalized as cost of construction	31,550	
		<u>288,609</u>
Income from operations before depreciation and interest on long term debt		859,890
Depreciation	185,793	
Interest on secured loans, mortgages on real estate for development and other mortgages	113,697	
		<u>299,490</u>
Income from operations		560,400
Taxes on income (Note 10)		9,612
Net income		<u>550,788</u>
Retained earnings December 1, 1967		456,681
Retained earnings October 31, 1968		<u><u>\$1,007,469</u></u>

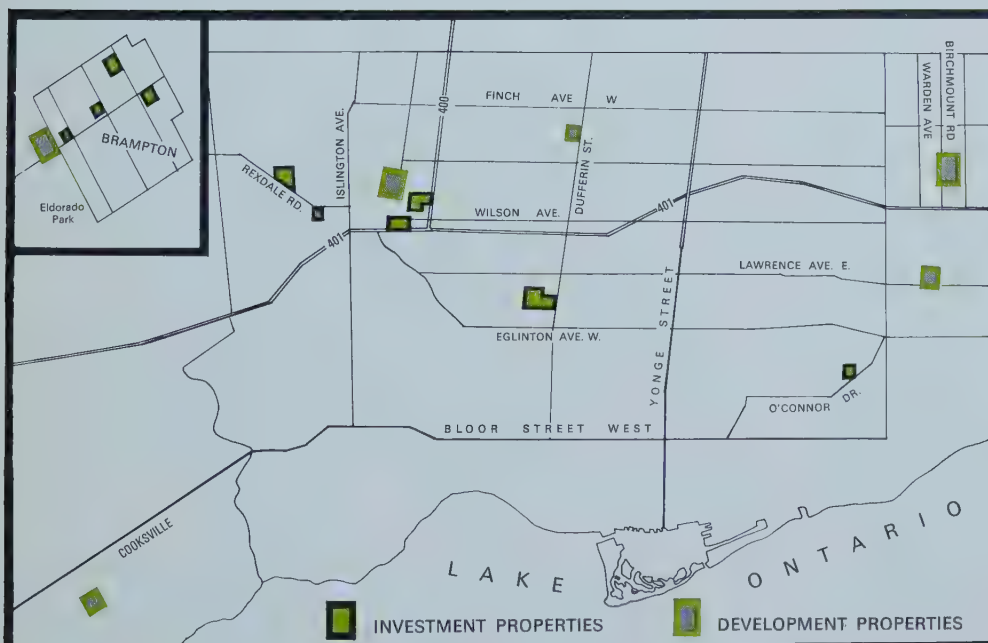


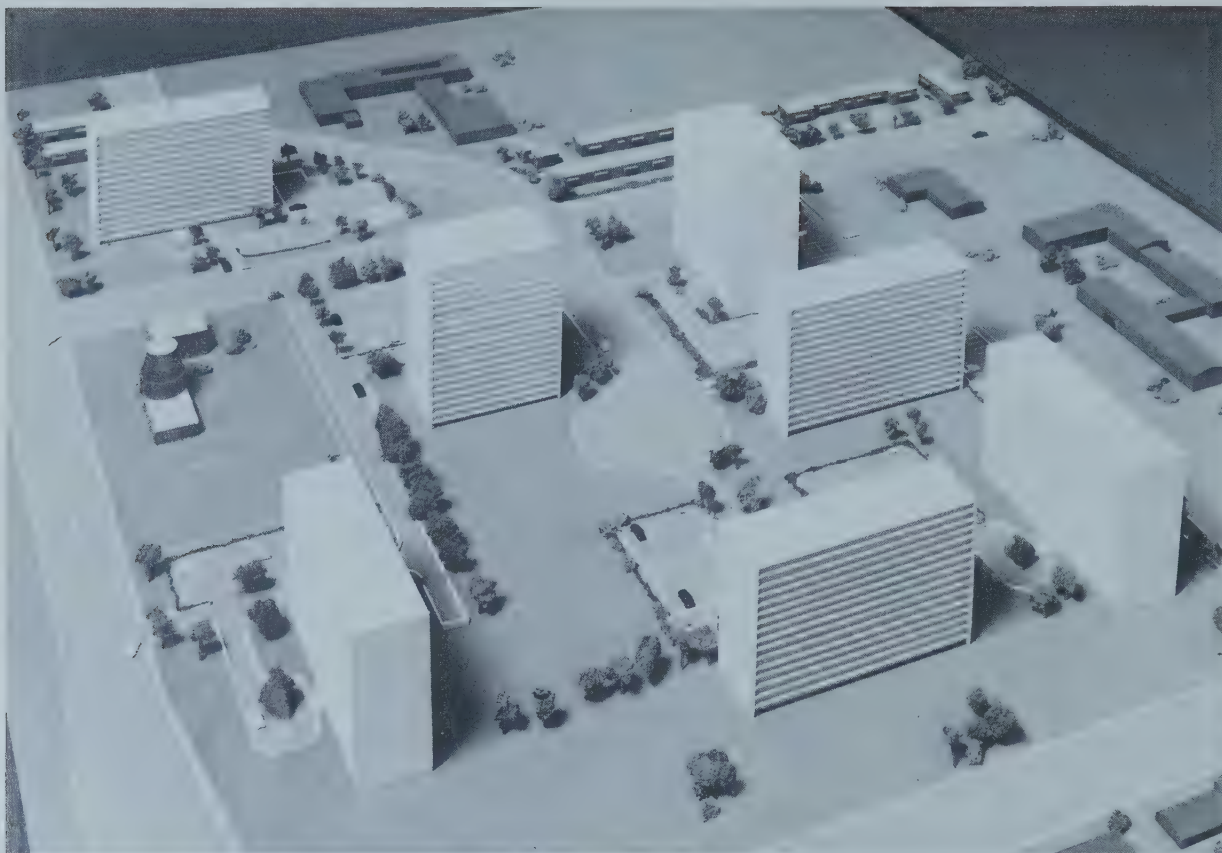
Location of company-owned properties in the province of Ontario.



**IMPERIAL GENERAL
PROPERTIES LIMITED**

Location of company-owned properties in Greater Toronto and the Brampton area.





Model of future residential complex comprising approximately 1,150 residential units at Birchmount and Sheppard Avenues, Scarborough.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS October 31, 1968

1. Organization and consolidation

Imperial General Properties Limited (the Company) is a corporation continued under the Corporations Act (Ontario) by Letters Patent of Amalgamation dated November 1, 1968. As part of a general plan of consolidation, the Letters Patent of Amalgamation brought together into one corporate unit, pursuant to an amalgamation agreement dated October 31, 1968, twenty wholly-owned real estate companies theretofore operated by Messrs. Morry Wingold and Louis Wingold (the predecessor companies).

The accompanying balance sheet gives effect to the afore-said amalgamation, appraisal of the income properties of the predecessor companies (Note 4), the acquisition by the Company of the shares of certain affiliated companies (Note 5), the issue and sale on January 9, 1969 to an underwriter of 350,000 common shares and 200,000 common share purchase warrants for a net aggregate consideration of \$2,417,500 of which \$2,415,000 has been credited to common share capital and \$2,500 to contributed surplus (Note 9) and the payment of expenses of organization and issue.

The accounts of the subsidiary after elimination of inter-

company items have been included in the consolidated financial statements.

The consolidated statement of income has not been prepared on a comparative basis as the financial statements for the corresponding eleven month period of the preceding year are not available.

2. Mortgages receivable

Mortgages receivable result from the sales of land and mature as follows:

July 1969	\$ 145,000
April 1970	142,665
July 1971	629,250
April 1972	796,019
	<u>\$1,712,934</u>

These mortgages contain clauses requiring the mortgagees to make partial payments of the principal balances as houses or apartments are built. It is anticipated that the mortgages will be collected in full prior to maturity dates. These mortgages are pledged to secure loans of \$500,000 (Note 7).

3. Land for development and income properties under construction are stated at cost. Commencing August 1, 1968 the Company adopted the policy of capitalizing as costs of these properties, the interest, realty taxes and other carrying charges (aggregating \$67,889 for the three months ended October 31, 1968) directly attributable to the said lands. In prior years such costs were written off in the year incurred.

4. Income properties

These properties are stated at appraised values as determined by the Montreal Trust Company as at September 30, 1968, on the basis of fair market values, which amount is \$5,191,092 in excess of depreciated book values. This increment has been credited to common share capital (Note 9).

5. Investment in affiliated companies

The affiliated companies own income properties which were appraised as at September 30, 1968 by Montreal Trust Company on the basis of fair market values. The shares of these companies were acquired at values based on such appraisals and the purchase price of \$338,511 (such price being \$299,967 in excess of book value) was credited to common share capital (Note 9).

6. Bank indebtedness

\$234,521 of this amount is secured by third mortgages on income properties and \$100,000 by a short term deposit.

7. Short term mortgages and secured loans

Mortgages on income properties under construction	(a) \$ 913,553
Mortgages on land for development	(b) 1,157,290
Secured by mortgages receivable taken back on sale of properties	(b) 500,000
Mortgages on income properties	(b) 742,390
	<u>\$3,313,233</u>

These bear interest at an average rate of 8.2% per annum and are repayable approximately as follows :

(a) To be discharged prior to October 31, 1969 out of proceeds of first mortgage financing, which has been arranged	<u>\$ 313,553</u>
(b) Year ending October 31, 1969	\$ 928,200
Year ending October 31, 1970	1,136,534
Year ending October 31, 1971	163,056
Year ending October 31, 1972 and subsequent years	771,890
	<u>\$2,999,680</u>

Included in the amount of mortgage principal repayable during the year ending November 30, 1969 is a secured loan of \$500,000 which may be discharged from the proceeds of mortgages receivable (Note 2). It is the opinion of management that the secured loans and other mortgages may be refinanced at maturity on similar terms.

8. Mortgages on income properties

These are first mortgages and bear interest at an average rate of 7.45% per annum and are repayable as to principal approximately as follows :

Year ending October 31, 1969	\$ 157,947
Year ending October 31, 1970	210,092
Year ending October 31, 1971	195,427
Year ending October 31, 1972	215,741
Year ending October 31, 1973	213,400
Subsequent to October 31, 1973	3,612,697
	<u>\$4,605,304</u>

9. Capital stock

	Before Financing	After Financing
Preference shares		
Authorized		
250,000 shares with a par value of \$20 each	—	—
Common shares		
Authorized		
3,000,000 shares without par value		
Issued and fully paid		
900,000 shares	\$5,569,603	
1,250,000 shares		\$7,984,603
Common share capital before financing is comprised of the following :		
Consolidated, issued and fully paid capital stock of predecessor companies	\$ 40,000	
Increase in carrying value of income properties (Note 4)	5,191,092	
Value of shares acquired of affiliated companies (Note 5)	338,511	
	<u>\$5,569,603</u>	

Capital stock after financing is after giving effect to the issue and sale, subsequent to balance sheet date, of common shares and common share purchase warrants referred to in Note 1.

10. Income Taxes

Income taxes were provided in prior years on the basis of income taxes actually payable and deferred income taxes on the excess of income reported for financial statement purposes over taxable income were not reflected in the accounts. If the policy had been to provide for deferred income taxes, an additional provision of approximately \$142,000 would have been required for the year ended November 30, 1967 only.

No income taxes have been provided on the profit on the sale of property during the eleven months ended October 31, 1968 as one of the amalgamated companies had a tax loss available from prior years which has been applied to eliminate taxable income.

The predecessor companies filed income tax returns on the basis of being non-associated. In the event that re-assessments are issued on the basis that the companies were associated, additional income taxes amounting to approximately \$140,000 could be payable.



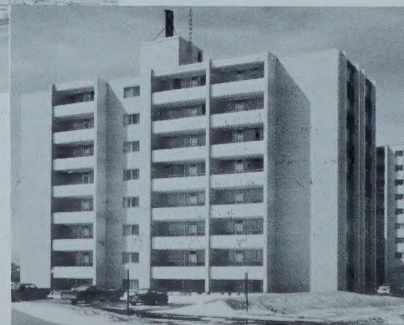
**IMPERIAL GENERAL
PROPERTIES LIMITED**

*Helena Rubinstein
Limited, Canadian Head
Office and plant, Toronto.*



*One of the industrial
buildings in Toronto
owned by Imperial
General Properties.*

*Imperial General
Properties Limited Head
Office, 25 Wingold
Avenue, Toronto.*



*Whitehouse North and
Whitehouse South,
Kennedy Road,
Brampton, Ontario,
owned by Imperial
General Properties.*

